

**Nexperia****Europe's carmakers face 'devastating' chip crisis as Nexperia supply crunch continues**

Executives warn production lines could stop within weeks as the Dutch chipmaker is not sending products to China unit



The entrance to the Nexperia building in Hamburg. The company makes basic low-margin chips that are widely used in electronic systems in cars and control everything from lighting and airbag systems to locks and windows © David Hammersen/dpa

**Andy Bounds** in Brussels and **Kana Inagaki** in London

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European carmakers and other industrial companies continue to face “devastating” chip shortages that could halt global production lines within weeks despite China agreeing to lift export restrictions, officials have warned.

The Dutch arm of the chipmaker [Nexperia](#) has not been sending silicon wafers to its breakaway Chinese subsidiary to be assembled as hostility between the two sides continued, according to car industry officials.

Nexperia makes basic low-margin chips that are widely used in electronic systems in cars and control everything from lighting and airbag systems to locks and windows. Those key components are made in the UK, Netherlands and Germany but are sent to its Chinese arm for assembly which are then re-exported.

Industry officials said some shipments of Nexperia chips [had resumed](#) after Beijing recently eased an export ban. But another European car executive said the industry remained in “a very challenging” situation with the problem now stemming from the hostile ties between the Dutch arm of Nexperia and the operations in China.

While the Chinese facility had some stocks of wafers “that is going to end if we don't get these wafers coming out of Germany and the EU”, an executive at one carmaker said, adding that the company had just a few weeks of chip supplies left.

“Our plea is that Nexperia China and Nexperia EU come together and actually start to resume normal operations because what's happening is just inexplicable and it is devastating for hundreds of industries,” he warned.

Carmakers are scrambling to avoid a global shortage. “Our teams are working around the clock to find alternative sources. We have probably got a few weeks supply, but we need this to get resolved quickly,” he said.

The supplies at the Chinese facility are expected to last through early to mid-December, according to one official, although the situation remains fluid since Nexperia in China is also trying to find alternative sources for its wafers. In order to avoid large-scale supply chain disruptions, it could also reduce the pace of production.

Acea, which represents EU carmakers, said: “We welcome the Chinese announcement lifting export controls. But we will not have enough chips to meet global demand as long as there are restrictions on the export of wafers to China. We are moving in the right direction but it is not solved yet.”

Volkswagen in Germany said the situation remained “dynamic and uncertain”.

The supply shortage had so far had “no impact on production at the vehicle manufacturing plants of the Volkswagen brand in Germany” but future disruptions could not be completely ruled out, it said.

The latest crisis stems from a struggle for control of the Chinese operation. The Dutch government in October [seized control of Nexperia](#) and forced out the Chinese chief executive.

It said it had to act as Zhang Xuezheng, also the main shareholder of Nexperia owner Wingtech, because of “serious governance shortcomings”.

Nexperia in the Netherlands announced on October 29 that it had to suspend further direct supply of wafers to the company’s facility in China. It cited its refusal to pay, setting up unauthorised bank accounts for customers to pay into and “sending unauthorised letters with false information to customers, subcontractors, third party suppliers and employees”.

It did not immediately respond to a request for comment.

Wingtech referred to statements released by Nexperia Netherlands and its China unit.

The Dutch economy ministry said: “There have not been any export controls imposed by the Netherlands or Brussels at Nexperia or other companies regarding this matter now or in the past.”

*Additional reporting by Sebastien Ash in Frankfurt*

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